

**Washington State Auditor's Office**

**Report on Financial Statements Audit**

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**Moses Lake Conservation District  
Grant County**

**Audit Period**

**January 1, 1999 through December 31, 2001**

**Report No. 63715**

Issue Date  
**October 4, 2002**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
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October 4, 2002

Board of Supervisors  
Moses Lake Conservation District  
Moses Lake, Washington

***Report on Financial Statements***

Please find attached our report on the Moses Lake Conservation District's financial statements.

We are issuing this report now in order to provide information on the District's financial condition.

In addition to this work, we look at other areas of our audit clients' operations for compliance with state laws and regulations. The results of that review will be included in our accountability audit report, which will be issued separately.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Grant County  
January 1, 1999 through December 31, 2001**

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# Status of Prior Audit Findings

## Moses Lake Conservation District Grant County January 1, 1999 through December 31, 2001

The status of findings contained in prior audit reports of the Moses Lake Conservation District is provided below:

Findings this audit: 0  
Findings last audit: 1  
Number of repeat findings: 0

### 1. **The District does not have adequate controls over cash receipting.**

#### **Background**

During the prior audit period, we noted internal control weaknesses in the District's cash receipting process. We noted the following weaknesses:

- The District secretary prepares the deposits and reconciles the bank statements without any independent monitoring or review procedures in place. Without monitoring or review, funds may be stolen undetected.
- Multiple cash register operators utilized the same cash drawer, which prevents the District from fixing responsibility should the amount of funds on hand not agree with the amounts received according to the cash register tape.
- The mode of payment (cash or check) is not entered into the cash register when a sale is made. Without entering mode of payment, the District cannot determine all cash received is being deposited into the bank account.
- The District is reimbursing employees out of the cash register.
- The District prepares a deposit of the checks received on a daily basis but does not deposit the cash daily.

#### **Status**

The District took the initiative to place the proper controls over its cash receipting process. The most significant control, currently in place, is the District's independent accountant, who is now reviewing and comparing daily Ztapes with daily bank deposits. During our review of the minutes, we noted the District created a petty cash fund to eliminate reimbursements out of the cash register. Also, during our cash receipting testing, and per review of the daily Z-tapes, we noted mode of payment was in place. In addition, we noted daily deposits.

The District made changes to implement the necessary controls over its cash receipting process, however, it was not able to eliminate multiple operators using one cash register. According to the District it needs more than one person operating the cash register during the busy season. Approximately three District employees can operate the cash drawer. Unless the District purchases another cash drawer, the multiple operator control weakness cannot be eliminated.

# Independent Auditor's Report on Financial Statements

## **Moses Lake Conservation District Grant County January 1, 1999 through December 31, 2001**

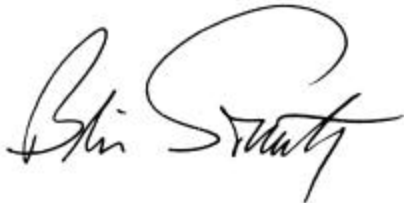
Board of Supervisors  
Moses Lake Conservation District  
Moses Lake, Washington

We have audited the accompanying financial statements of the Moses Lake Conservation District, Grant County, Washington, for the years ended December 31, 2001, 2000 and 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Moses Lake Conservation District for the years ended December 31, 2001, 2000 and 1999, on the cash basis of accounting described in Note 1.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 20, 2002

# Financial Statements

**Moses Lake Conservation District  
Grant County  
January 1, 1999 through December 31, 2001**

## ***FINANCIAL STATEMENTS***

Revenues and Expenses Arising from Cash Transactions – 2001  
Revenues and Expenses Arising from Cash Transactions – 2000  
Revenues and Expenses Arising from Cash Transactions – 1999  
Notes to Financial Statements – 2001  
Notes to Financial Statements – 2000  
Notes to Financial Statements – 1999